

# BALANCED BUDGET PROPOSAL for FISCAL YEAR 2018

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Office of the Town  
Manager 1.24.2017  
REVISED: 1.26.2017



# FY2018: Budget Best Practices

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- Current revenues support current expenditures.
- The budget is not reliant on one-time revenue or unsustainable practices.
- The five year Pro Forma was updated in September.
- Debt is not used to fund on-going operating expenses or capital <\$250,000.
- Free Cash use for operating budget is not more than 2% of the prior year's appropriated operating budget or the actual turn back, whichever is lower.
- Adequate contingency funds are recommended.
- Funding for maintenance and replacement of capital facilities and equipment is recommended.
- The budget is resilient – maintaining service levels & developed to withstand economic disruptions and a changing political environment.
- Operating and Capital Budgets are sustainable.

# Budget Priorities

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- ❖ Townwide Goals and Objectives
- ❖ Preserve Capital Assets
- ❖ Financial Sustainability
- ❖ Efficiency



# Financial Forecast/Revenue

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- Federal Government
- State Aid
- Overlay
- New Growth
- Free Cash
- Emphasis on Reserves for  
Capital Planning





# Free Cash

Certification Year	Budget Year Use	Free Cash	Operating Statement Maximum	Budget	Capital	FWA	Reserves	Returned
FY2013	FY2014	2,153,808	2,225,067	1,619,224	534,584			-
FY2014	FY14/15	10,133,912	2,120,776	2,032,765	7,499,617	35,000	566,530	-
FY2015	FY2016	6,207,875	1,873,669	1,941,264	2,394,911	750,000	845,700	276,000
FY2016	FY2017	6,890,372	1,779,710	1,763,165	2,639,117	553,222	1,234,868	700,000
FY2017^	FY2018	8,600,000	2,700,921	2,689,482	3,307,467	1,095,000	1,508,051	-

^ Estimate



# State Aid Estimate

## Chapter 70 School Aid

FY2014	\$7,901,802 – 3.5%
FY2015	\$8,239,740 – 4.3%
FY2016	\$8,373,790 – 1.6%
FY2017	\$8,671,395 – 3.5%
FY2018	\$8,671,395 – 0.0%

**Governor FY2018:**  
**\$9,105,193 (5%)**

## Unrestricted General Government Aid

FY2014	\$1,511,453 – 2.4%
FY2015	\$1,553,368 – 2.8%
FY2016	\$1,609,289 – 3.6%
FY2017	\$1,678,488 – 4.3%
FY2018	\$1,678,488 – 0.0%

**Governor FY2018:**  
**\$1,743,949 (3.9%)**

# General Fund Revenue Sources

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	<b>Actual</b> <u>FY2016</u>	<b>Recap</b> <u>FY2017</u>	<b>Estimate</b> <u>FY2018</u>
Property Taxes	79.2%	81.3%	79.8%
State Aid	7.3%	7.3%	6.8%
Local Receipts	8.7%	6.3%	6.3%
Other Sources	1.1%	1.0%	1.9%
Free Cash	3.9%	4.0%	5.2%

# Key Budget Drivers

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## School Enrollment

Increase 575 students since 2007/2008 - 11.5%

## Average Change in Salary Lines (FY2012 -2017)

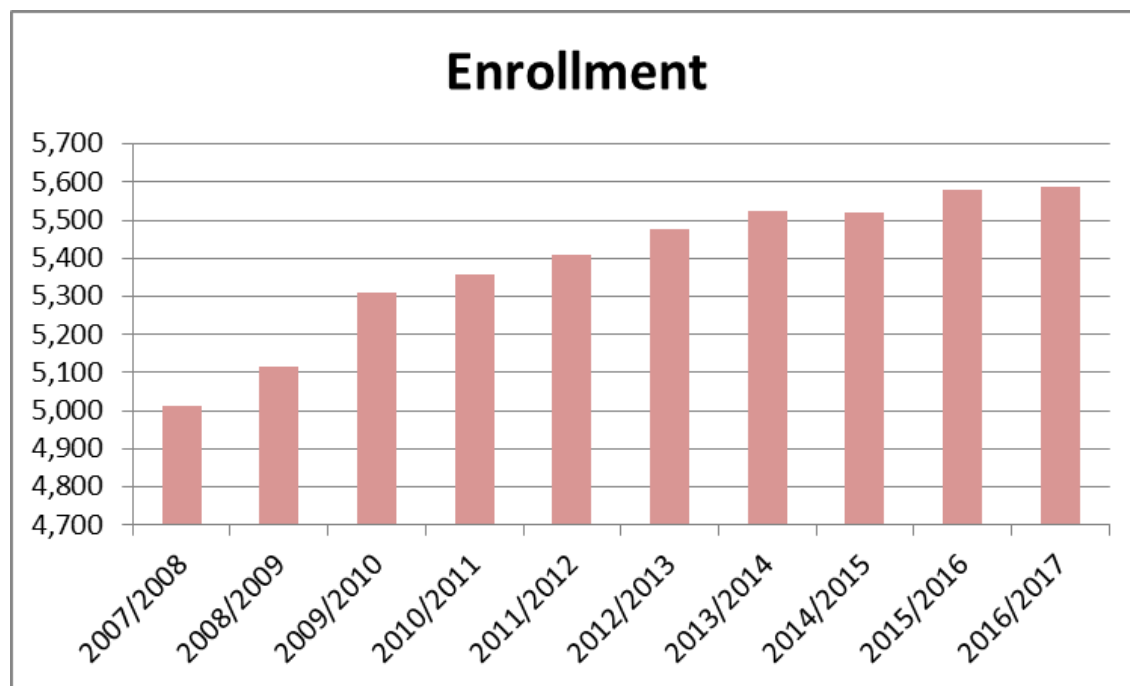
General Government	3.6%
Schools	6.4%
Combined	5.3%

## Increase in Headcount (FY2012 – 2017)

General Government	3.6%
Schools	15.0%



# School Enrollment 2007/2008 – 2016/2017



Source: DESE



# Budget Recommendations

<u>Budget</u>	<u>Amount</u>	<u>Note</u>
• Benefits	\$297,089	Town/School FTE
• OTM/BOS	\$63,000	Benefits Coordinator
• OTM/BOS	\$20,000	Engagement Program
• Fire	\$9,876	Copier
• Fire	\$5,000	Wellness Program
• PFD	\$82,395	Contract Administrator
• DPW Fleet	\$6,553	Summer Help
• DPW Highway	\$6,658	Street Sweeping
• HHS	\$20,000	Data Gathering
• HHS	\$9,970	Compliance Program
• Library	\$31,168	Increase YA Librarian

# Changes to Submitted Budgets

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<u>Budget</u>	<u>Amount</u>	<u>Note</u>
• Employee Benefits	(\$546,178)	Reduced FTE Request
• Personnel Board	(\$18,000)	Warrant Article
• Fire Department	(\$300,400)	FY2019
• Police Department	(\$358,704)	FY2019+
• Minuteman	(\$76,535)	Assessment
• Public Schools	(\$467,660)	Superintendent
• Public Facilities	(\$90,215)	OPM Contract
• Public Works	(\$155,723)	Priorities
• HHS	(\$34,795)	Priorities
• Public Library	(\$61,492)	Priorities

# Budget Proposal: Needham Schools

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- TM recommendation is 4.8% over appropriated FY2017 budget at \$68,350,083
- Recommendation reflects Superintendent's revised budget request
- School Committee vote schedule for 1.24.2017
- \$181,684 to debt service stabilization fund reserved for Full-day Kindergarten (recurring revenue)

# Enterprise Fund Budgets

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**RTS** – 4.8% Increase in budget; General Fund Contribution \$1,462,500; evaluation of enterprise fund status to begin in FY2018.

**Sewer** – 0.8% Decrease in budget; General Fund Contribution for Drains Program \$491,749; MWRA Assessment not yet final; move 1 FTE to Water Enterprise Fund; evaluation of a stormwater enterprise fund to begin in FY2018.

**Water** – 2.4% Increase in budget; MWRA Assessment not yet final; 1 FTE transferred from Sewer Enterprise Fund.

\* Note: collective bargaining agreement for union employees not yet settled

# Financial Warrant Articles/Other

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Senior Corps	\$15,000
Property Tax Relief Program	\$7,292
Facilities Maintenance Program	\$610,000
Classification/Compensation Study	\$80,000
Environmental Assessment	\$35,000
Fleet Refurbishment	\$250,000
Matching Funds N <sup>2</sup> District	\$20,000
Surveys of Town-Owned Land	\$100,000
GF Cash Capital*	\$5,407,467

(\*Additional \$150,000 DPW/RTS Storage Facility)



# Reserves

- Capital Improvement Fund \$28,051
- Athletic Facility Improvement Fund \$1,295,000
- Debt Service Stabilization Fund \$1,091,874

If additional Free Cash and/or State Aid becomes available we recommend additional allocations to the AFIF and DSSF.



# Reserves

## Athletic Facility Improvement Fund

FY	Start	Interest	Appropriations	Balance
2013	\$0	\$368	\$282,728	\$283,096
2014	\$283,096	\$1,257	\$616,980	\$901,333
2015	\$901,333	\$1,913	\$1,067,107	\$1,970,353
2016	\$1,970,353	\$8,393	\$664,682	\$2,643,429
2017*	\$2,643,429	\$8,629		\$2,652,058

\* Balance as of December 31, 2016

# Recommended Athletic Facility Improvement Fund

Beginning Balance:	\$2,652,058
Annual Allocation:	\$ 31,455
Additional Allocation:	<u>\$1,263,545</u>
Total	\$3,947,058

Reserve for Synthetic Turf:	(\$2,500,000)
Available for Building Project:	\$1,447,058



# Debt Service Stabilization Fund

## Debt Service Stabilization Fund

<b>FY</b>	<b>Start</b>	<b>Interest</b>	<b>Appropriations</b>	<b>Balance</b>
2016	\$0	\$0	\$320,186	\$320,186
2017*	\$320,186	\$1,275	\$612,595	\$934,056

\* Balance as of December 31, 2016

# FY2018: Debt Service Stabilization Fund

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One-time Revenue:	\$185,000
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Recurring Revenue:

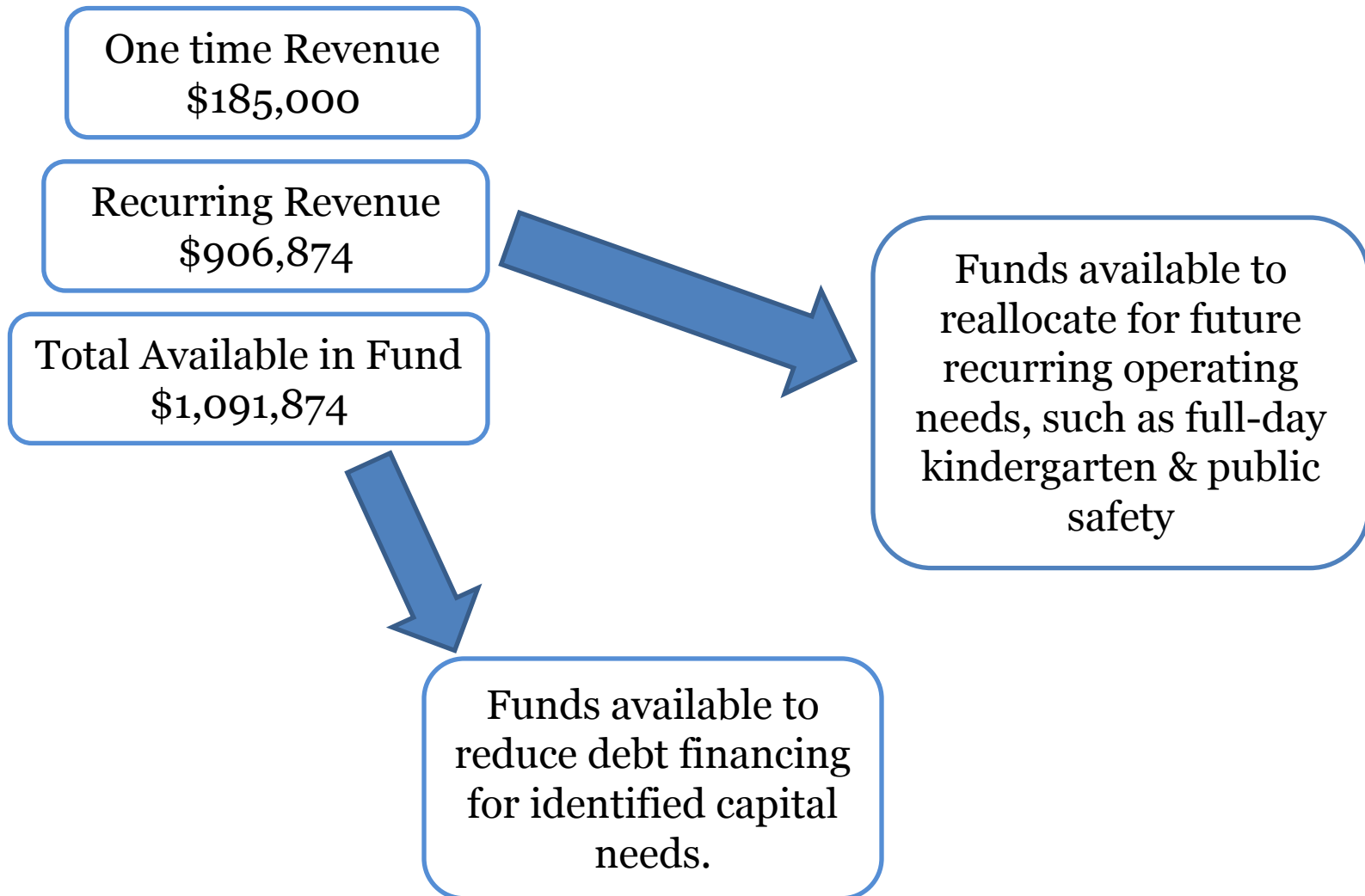
- |                             |           |
|-----------------------------|-----------|
| • Solar & New Growth        | \$725,190 |
| • Reallocated School Budget | \$181,684 |

Chapter 70/State Aid*	\$0
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Total	\$1,091,874
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\*If additional Free Cash and/or State Aid becomes available we recommend additional allocations to the AFIF and DSSF.

# FY2018 DSSF Example





# DSSF Example FY2016 – FY2018

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FY2016:	\$320,186
FY2017:	\$613,870
FY2018:	\$1,091,874
Total in Fund:	\$2,025,930



Funds available to  
reduce debt financing  
of identified capital  
needs.

# FY2018 Budget Recap

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<u>Department</u>	<u>Recommendation</u>	<u>Increase</u>
Townwide Expenses	\$46,746,124	8.6%
General Departments	\$30,050,170	3.5%
Public Facilities	\$6,751,519	6.3%
School Department	\$68,350,083	4.8%
Minuteman	\$806,252	5.2%
Cash Capital	\$5,407,467	78.4%
Financial Warrant Articles	\$1,117,292	7.5%
Reserves	\$2,414,925	48.5%
Other Appropriations	<u>\$1,954,249</u>	<u>0.7%</u>
<b>Total GF Expenses</b>	<b>\$163,598,081</b>	<b>7.6%</b>

# Around Needham 2016

- Owens Farm Acquired
- Hillside School Debt Exclusion Passes
- Downtown Streetscape Begins
- Central Avenue/Eliot Street Bridge Re-opens
- Highland Corridor approved on TIP
- Highland Avenue Bridge Relocated
- 1<sup>st</sup> Avenue Signal Funding Secured
- Kendrick Street Ramps Activated
- DPW Feasibility Completed
- Fire/Police Feasibility Near Completion
- Memorial Park Feasibility Begins
- NHS Feasibility Begins
- NHS Cafeteria Reconstructed
- Pollard School Improvements Made
- Collective Bargaining Agreements Settled



# Around Needham 2016

- Sister City with Daxing/Beijing Announced
- Rally for Aly Held
- Eastman/Newman Areas Open
- 5<sup>th</sup> Citizen Satisfaction Survey Completed
- Land Jurisdiction Transfers Accomplished
- Minuteman School Agreement Revised
- Minuteman HS Approved
- BOS Issues RMD Siting Letter
- Solar Array Activated
- Bonds on NHS/High Rock/Pollard “Refunded”
- AAA Bond Rating Retained
- Hours at CATH expanded
- HHS Department Created
- Wingate Expansion Underway
- Toll Bros. Complex Permitting Complete





